

Greenply Industries Ltd

Result Presentation – Q4 & FY15

Disclaimer



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Company Overview



Business segments

- Wood based products - Plywood and allied products, Medium Density Fibreboards (MDF)
- Recently demerged the Decorative Business – to be listed as separate entity



Strong industry potential

- Plywood industry size – Rs. 160 billion
- MDF industry size – Rs. 18 billion
- Strong demand drivers – rising residential/commercial construction, increasing urbanization, high disposable incomes and Government Announcement regarding construction of 100 smart cities

Strong brand presence built over 30 years

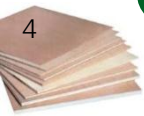
- Largest pan-India player with 32% share of organized plywood market; 30% share of domestic MDF market
- Large investments in advertisements and promotional activities over the years

Well-entrenched distribution network

- Distributors/stockists  Plywood 1,100 and retailers  Plywood 6,000
MDF 450 MDF 4,000
- Serviced by 33 branches for ply and 12 branches for MDF pan-India

Manufacturing Facilities

- 4 state-of-the-art manufacturing facilities for Plywood
- 1 facility for MDF – largest in the country



Company Overview



Capacity Utilization

- Plywood 102% utilization; further demand to be catered through outsourcing
- MDF 90% utilization; to undertake greenfield expansion in Andhra Pradesh over FY16-19 to cater to future demand

Production Model

- Plywood – 75% in-house, moving towards an asset light set-up by increasing proportion of outsourcing
- MDF – 100% in-house

Raw material sustainability

- Plantation of fast growing and improved species of clonal plantations to improve quality of wood availability and plywood manufactured
- Backward integration through 50% JV in Myanmar for production of face veneers

Financial Performance

- Revenue and PBT CAGR of 16.7% and 51.3% respectively over FY11-15

Strong Return Ratios

- Pre-tax ROE and ROCE of 29.1% and 20.6% respectively and Post-tax ROCE of 18.7% in FY15



Demerger of Decorative Business



- Demerged the decorative business (comprising of laminates and allied products and accounting for 37.2% of FY14 consolidated sales) of the company with all its assets and liabilities into Greenlam Industries
- Record date for the demerger was 27 November 2014; Greenply Industries stock traded as a demerged entity from 26 November 2014
- Greenlam Industries has issued and allotted to the shareholders of Greenply Industries one equity share of Rs. 5 each in Greenlam Industries for every one equity share of Rs. 5 each held by them in Greenply Industries
- Mr. Saurabh Mittal, Joint Managing Director & CEO resigned from the Company with effect from the close of the working hours of November 10, 2014, to take up assignment in Greenlam Industries Limited



Rationale for Demerger



- **Different product characteristics**
 - The wood based products (plywood and mdf) form the backbone materials for furniture
 - The decorative products (laminates and decorative veneers) are surfacing materials
- **Separate marketing reach**
 - Both businesses require different sets of dealers, distributors and intermediaries
 - Plywood and MDF are sold primarily in the domestic market
 - Laminates are sold both in domestic as well as international markets
- **Dedicated management focus**
 - Dedicated management focus and resource allocation in line with respective market trends to enable diversification and expansion into newer product portfolios for faster growth
- **Better cash management / utilization**
 - Two separate companies will have independent cash flows and strengthen the prospects of each of the businesses towards mobilising funds to service their respective growth plans

P&L – Q4 FY15



Statement of Standalone Un-audited Results for the quarter and full year ended 31st March, 2015

Sl. No	Particulars (Rs. Lakh)	Quarter ended		Year ended	
		31.03.2015 (Unaudited)	31.03.2014 (Unaudited)	31.03.2015 (Unaudited)	31.03.2014 (Unaudited)
1	Income from Operations				
	(a) Net sales/income from operations (Net of excise duty)	42841.98	37681.54	156058.41	139002.57
	(b) Other Operating Income	62.01	18.23	366.63	79.40
	Total income from operations (net)	42903.99	37699.77	156425.04	139081.97
2	Expenses				
	a) Cost of materials consumed	17992.09	16898.87	72682.70	70925.23
	b) Purchase of Stock-in-trade	4663.15	3554.57	19054.83	12943.69
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2537.76	2732.02	(827.80)	(914.02)
	d) Employee benefits expense	3929.36	2859.09	14497.88	11940.17
	e) Depreciation and amortisation expense	1236.19	929.44	4706.11	3587.71
	f) Loss/(Gain) due to fluctuation in Foreign Exchange Rates	23.13	(11.86)	(60.55)	1078.49
	g) Other Expenses	8367.39	6692.89	30586.57	25776.49
	Total Expenses	38749.07	33655.02	140639.74	125337.76
3	Profit from operations before other income, finance costs and exceptional Items	4154.92	4044.75	15785.30	13744.21
4	Other income	79.70	97.10	109.07	387.77
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items	4234.62	4141.85	15894.37	14131.98
6	Finance costs	839.49	953.01	3591.30	3765.07
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items	3395.13	3188.84	12303.07	10366.91
8	Exceptional items	(1,575.53)	-	(1,575.53)	-
9	Profit/ (Loss) from ordinary activities before tax	4970.66	3188.84	13878.60	10366.91
10	Tax Expenses				
	for Current	(1073.35)	(668.40)	(2940.50)	(2172.96)
	for Deferred	92.99	(455.38)	278.01	(905.35)
	for MAT Credit	560.31	190.46	963.53	503.58
	for Earlier Year	5.81	(0.81)	2.09	(64.10)
11	Net Profit/(Loss) from ordinary activities after tax	4556.42	2254.71	12181.73	7728.08
12	Paid-up equity share capital (Face value ` 5/- per share)	1206.82	1206.82	1206.82	1206.82
13	Reserves excluding Revaluation Reserves	-	-	-	-
14	i) Basic EPS (`) before and after extraordinary items (of ` 5/- each)	18.88*	9.34*	50.47*	32.02*
15	ii) Diluted EPS (`) before and after extraordinary items (of ` 5/- each)	18.88*	9.34*	50.47*	32.02*

Segmental Performance – Q4 FY15



Segmental Standalone Un-audited Results for the quarter and year ended 31st March, 2014

Sl. No	Particulars (Rs. Lakh)	Quarter ended		Year ended	
		31.03.2015 (Unaudited)	31.03.2014 (Unaudited)	31.03.2015 (Unaudited)	31.03.2014 (Unaudited)
1	Segment Revenue (Net)				
	a) Plywood & Allied Products	31023.40	28681.36	115232.68	103809.38
	b) Laminates & Allied Products	-	-	-	-
	c) Medium Density Fibreboards	11836.59	9130.02	40878.36	35323.03
	d) Unallocated	44.00	-	314.00	-
	Total	42903.99	37811.38	156425.04	139132.41
	Less: Inter Segment Revenue	356.66	717.96	2677.81	3269.23
	Net Sales/Income from Operations	42547.33	37093.42	153747.23	135863.18
2	Segment Result [Profit/(Loss) before tax and interest]				
	a) Plywood & Allied Products	2610.95	3086.10	10219.24	9407.93
	b) Laminates & Allied products	-	-	-	-
	c) Medium Density Fibreboards	2440.32	1680.90	8388.26	6345.12
	d) Unallocated	44.00	-	314.00	-
	Total	5095.27	4767.00	18921.50	15753.05
	Less: (i) Interest	839.49	953.01	3591.30	3765.07
	(ii) Other Unallocable expenditure net of unallocable Income	(714.88)	625.15	1451.60	1,621.07
	Total Profit before Tax	4970.66	3188.84	13878.60	10366.91
	Capital employed				
	a) Plywood & Allied Products	47921.11	42544.54	47921.11	42544.54
	b) Laminates & Allied Products	-	-	-	-
	c) Medium Density Fibreboards	31774.95	34391.54	31774.95	34391.54
	d) Unallocated	5804.52	1628.39	5804.52	1628.39
	Total	85500.58	78564.47	85500.58	78564.47

Segmentwise Revenue, Results and Capital Employed

Joint Managing Director's Message



Commenting on the performance for Q4 FY2015, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,

“Despite a largely sluggish macro environment, Greenply Industries has delivered an encouraging financial and operating performance. This has been driven by our two pronged strategy of gaining marketshare from the unorganised segment and enhancing operational efficiencies through an improved product mix. This is a reflection of our proven quality, strong brand portfolio and well developed distribution infrastructure.

Our MDF business continues to do well. Given our leadership position and capabilities, we are optimistic that this will be a key growth driver going forward.

Our thrust will continue to be on improving our market reach while concurrently striving for better cash management and utilisation levels to drive growth”

Financial Highlights – FY15 (Post Demerger)



- **Net Sales up by 12.3% YoY to Rs. 1,560.6 crore**
 - Plywood segment grew by 11.1% YoY to Rs. 1,152.1 crore, contributing 74% of net sales
 - MDF grew by 15.8% YoY to Rs. 408.5 crore
- **Gross margins expand 140 bps YoY to 41.7%**
 - Led by better product mix
- **EBITDA margins down 33 bps YoY to 12.9%**
 - Ad expenditure to sales at 2.8% in FY15 as compared to 1.9% in FY14
- **PAT growth of 57.6% YoY to Rs. 121.8 crore**
 - EPS of Rs. 50.47 in FY15 compared to Rs. 32.02 in FY14
- **Working capital cycle improves by 4 days YoY to 52 days in FY15**
 - Led by better inventory and debtor management
- **Net debt to equity at 0.7x as on March 31, 2015 as compared to 1.0x as on March 31, 2014**

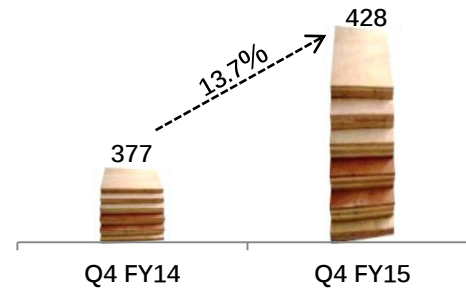


Financial Highlights (Q4 FY2015)

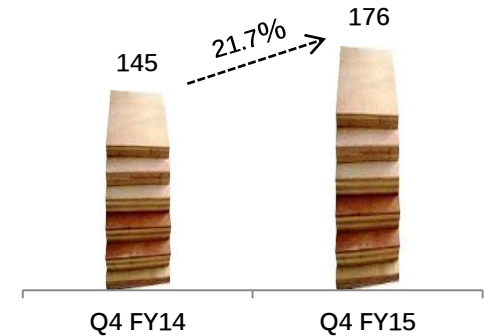


Key ratios (%)	Q4 FY15	Q4 FY14
Gross Margin	41.2%	38.5%
EBITDA Margin	12.5%	13.1%
EBIT Margin	9.9%	11.0%
Net Margin	10.6%	6.0%
Ad and promotions / Net Sales	1.2%	1.5%
Staff Cost/ Net Sales	9.2%	9.0%
Logistics cost / Net Sales	6.1%	5.5%
EPS (Rs.)	18.88	9.34

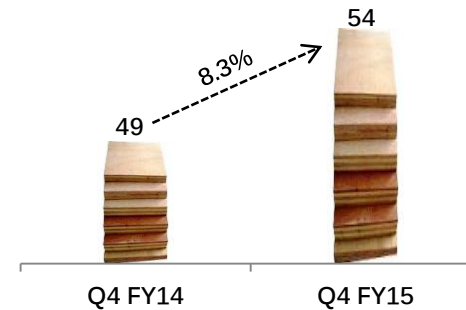
Net Sales (Rs. crore)



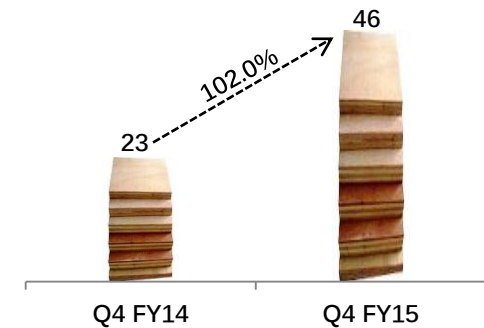
Gross Profit (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs. crore)

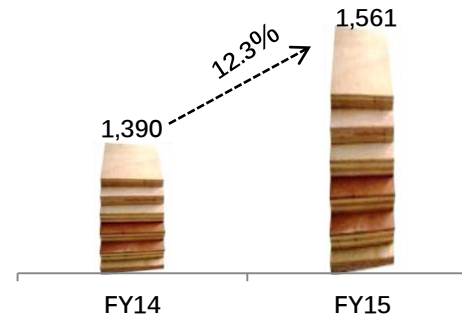


Financial Highlights (FY2015)

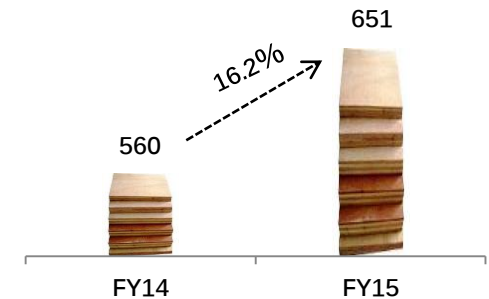


Key ratios (%)	FY15	FY14
Gross Margin	41.7%	40.3%
EBITDA Margin	12.9%	13.2%
EBIT Margin	10.2%	10.2%
Net Margin	7.8%	5.6%
Ad and promotions / Net Revenues	2.8%	1.9%
Staff Cost/ Net Revenues	9.3%	8.6%
Logistics cost / Net Revenues	5.8%	5.8%
EPS (Rs.)	50.47	32.02

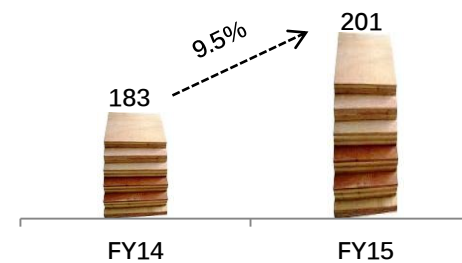
Net Sales (Rs. crore)



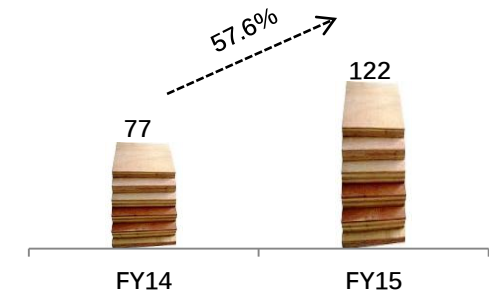
Gross Profit (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs. crore)



Financial Highlights – B/S Perspective



Balance Sheet Snapshot (Rs. crore)	March 31, 2015	December 31, 2014	September 30, 2014	December 31, 2013	March 31, 2014	March 31, 2013
Net worth	483.17	446.54	420.35	366.16	380.29	311.52
Total debt	331.53	342.83	333.24	386.16	375.81	398.60
▪ Long Term Debt (Including Current Maturity)	199.86	181.14	201.68	231.45	238.21	263.92
▪ Short Term Debt	131.68	161.69	131.56	154.71	137.60	134.68
Capital Employed	855.01	830.61	794.09	790.84	799.18	744.15
Cash and cash equivalents	7.19	7.06	7.05	10.13	7.23	15.23
Fixed Assets	546.95	548.29	527.09	535.95	527.32	496.41
Receivables	257.22	272.37	260.81	242.26	219.95	216.26
Payables	224.92	260.99	255.47	274.87	200.58	181.18
Inventories	190.30	184.21	166.76	225.28	196.03	167.36

Key Ratios	March 31, 2015	December 31, 2014	September 30, 2014	December 31, 2013	March 31, 2014	March 31, 2013
Inventory (days)	45	45	41	61	51	46
Debtor (days)	60	66	64	66	58	60
Creditor (days)	53	63	63	75	53	50
Working Capital Turnover (days)	52	48	42	52	56	56
RoE (%)	25.2%	22.8%	23.8%	19.9%	20.3%	26.6%
RoCE – Pre-Tax	20.4%	18.7%	19.0%	16.8%	17.7%	20.1%
RoCE – Post-Tax	18.4%	16.7%	17.1%	14.0%	14.4%	16.5%
Net Debt / Equity (x)	0.7	0.8	0.8	1.1	1.0	1.3

Segment-wise Performance



Particulars	Plywood					
	Q4FY15	Q4FY14	Var (%)	FY15	FY14	Var (%)
Net sales (Rs. crore)	310.18	286.02	8.4%	1152.07	1037.30	11.1%
EBITDA margin (%)	8.6%	10.5%		9.1%	10.3%	
EBIT margin (%)	6.3%	9.1%		6.8%	7.9%	
Annual capacity (million sqm.)	32.4	32.4		32.4	32.4	
Production (million sqm.)	7.97	8.4	-4.7%	33.08	34.7	-4.6%
Sales volume (million sqm.)	12.55	12.0	4.9%	46.11	44.5	3.6%
Utilisation (%)	98%	103%		102%	107%	
Average realisation (Rs./sqm.)	242.00	228.00	6.1%	241.00	222.00	8.6%

Particulars	MDF					
	Q4FY15	Q4 FY14	Var (%)	FY15	FY14	Var (%)
Net sales	118.24	90.79	30.2%	408.51	352.72	15.8%
EBITDA margin (%)	22.7%	21.3%		23.3%	21.6%	
EBIT margin (%)	18.3%	16.9%		18.5%	17.0%	
Annual capacity (cubic metre)	180,000	180,000		180,000	180,000	
Production (cubic metre)	48563	32222	50.7%	161229	136723	17.9%
Sales volume (cubic metre)	49028	34727	41.2%	161424	137932	17.0%
Utilisation (%)	108%	72%		90%	76%	
Average realisation (Rs./cum.)	24081.00	26132.00	-7.8%	25238.00	25552.00	-1.2%

Growth Outlook



Industry Drivers	Rising demand from the real estate sector Increasing urbanisation, higher disposable incomes and a growing middle class Rollout of GST to facilitate faster shift from unorganised to organised players
Distribution Network	To increase the number of distributors and retailers going forward
Advertisement & Promotional Spends	Continued investments in increasing brand visibility pan-India Higher Ad spends at around 3% of Net Sales
Expansion Plans	Plywood [Optimise utilisation in existing facilities Increase outsourcing proportion to 30% from 20% presently over the next 3 years MDF - Setting up of a new plant in Andhra Pradesh over FY16-19
Product Profile	To improve mix of plywood To enter higher margin variants in MDF like Laminated Flooring Veneer flooring To start manufacture of plywood in FY17
IT Initiatives	Upgrading IT infrastructure – implementing SAP Hana to strengthen overall supply chain
Financial Performance	Expect a 10-12% growth in FY16 Margins expected to improve by 50-70 bps in FY16 driven by better product mix and cost control

Annexure



Manufacturing Facilities / Production Model



Facilities

Location	Capacity (mn sqm.)
Tizit, Nagaland	4.50
Kripampur, West Bengal	6.00
Pantnagar, Uttarakhand	10.50
Bamanbore, Gujarat	11.40
Total Capacity	32.40

Production Model

75% in-house, 25% outsourced

To increase proportion of outsourcing to 30% over next 3 years

- Asset light model generating higher ROCE's
- Mid-segment variants to be outsourced freeing existing capacities for premium variants
- Quality Team on vendor's site to monitor quality of inputs and ensure consistent quality of finished product

Plywood

Location	Capacity (cum)
Pantnagar, Uttarakhand	1,80,000

Largest facility in India

100% in-house

To undertake greenfield expansion in Andhra Pradesh – abundance of plantation wood

Expansion to take place over H2FY16-FY19

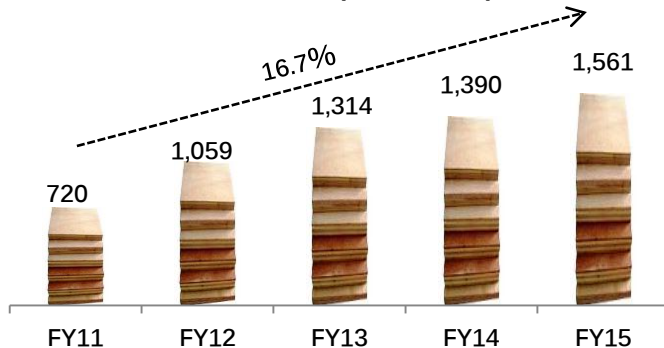
MDF



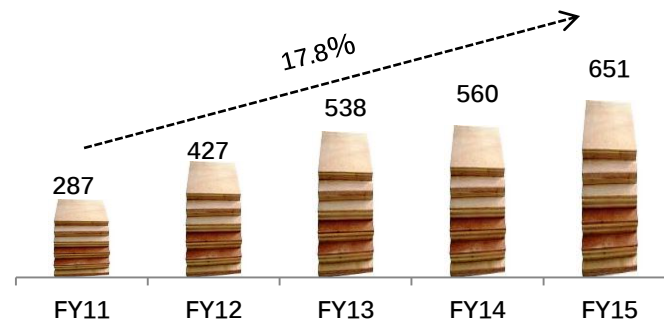
Strong Performance Track Record



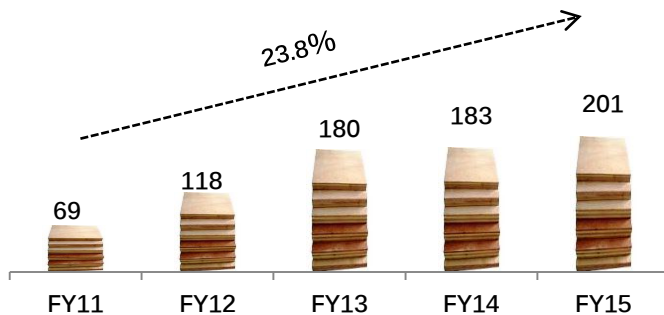
Net Sales (Rs. crore)



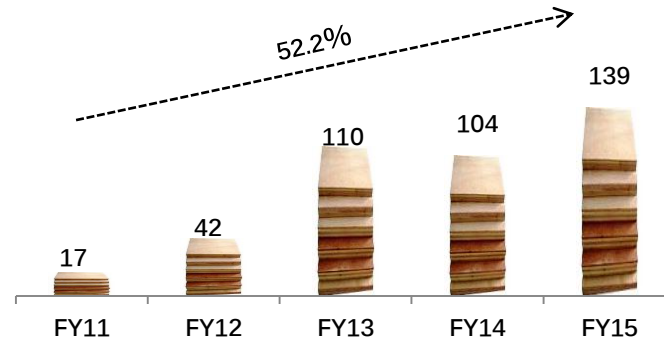
Gross Profit (Rs. crore)



EBITDA (Rs. crore)



PBT (Rs. crore)



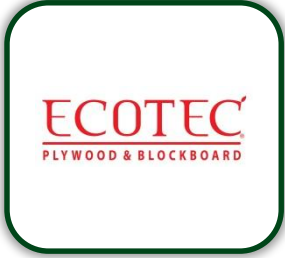
Segment-wise Performance



Particulars	Plywood					
	FY11	FY12	FY13	FY14	FY15	CAGR
Net sales (Rs. crore)	674.43	815.58	940.17	1037.30	1152.07	11.3%
EBITDA margin (%)	13.0%	9.8%	10.6%	10.3%	9.1%	-
EBIT margin (%)	11.5%	7.2%	8.9%	7.9%	6.8%	-
Annual capacity (million sqm.)	24.9	28.35	32.4	32.4	32.4	-
Production (million sqm.)	29.7	32.14	34.28	34.68	33.08	2.2%
Sales volume (million sqm.)	34.58	38.02	41.54	44.51	46.11	5.9%
Utilisation (%)	119%	113%	106%	107%	102%	
Average realisation (Rs./sqm.)	185	203	215	222	241	5.4%

Particulars	MDF					
	FY11	FY12	FY13	FY14	FY15	CAGR
Net sales	45.48	243.72	374.18	352.72	408.51	55.1%
EBITDA margin (%)	-41.2%	15.4%	21.6%	21.6%	23.3%	
EBIT margin (%)	-76.6%	9.0%	17.5%	17.0%	18.5%	
Annual capacity (cubic metre)	180,000	180,000	180,000	180,000	180,000	
Production (cubic metre)	26,924.50	116,897.81	157,947.80	136,722.79	161,229.00	43.0%
Sales volume (cubic metre)	23,882.00	116,622.25	153,425.65	137,931.95	161,424.00	46.5%
Utilisation (%)	15%	65%	88%	76%	90%	
Average realisation (Rs./cum.)	19,236	20,898	24,386	25,552	25,238	5.6%

Our Brands



About Greenply Industries Ltd.



Greenply Industries Limited (GIL) enjoys leadership position in plywood and medium density fibreboards (MDF) accounting for almost 32 percent of the organized plywood and 30 percent of the MDF market in India.

GIL has four state-of-the-art manufacturing facilities for Plywood and one facility for MDF spread across the country producing world class interior products for the domestic and global markets. The company has a presence in over 300 cities across 21 states serviced through a well-entrenched distribution network of 1,550 distributors and 10,000 retailers and 45 branches pan-India.

GIL is the preferred partner of choice for a large number of office and home builders having a comprehensive product portfolio servicing clients at every point of the price spectrum under brand names of Greenply Plywood, Green Club Premium Ply, Optima Red, Ecotec, Green Panelmax and Green Floormax, to name a few.

For further information, please contact:

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